

PROPOSED BOARD RESOLUTION
(Bellefonte Nuclear Plant Site)

WHEREAS, as detailed in the April 25, 2016, memorandum from the Chief Executive Officer, a copy of which is filed with the records of the Board as Exhibit 5-5-16 E, TVA has no further need of the fee interest in the property that comprises most of the Bellefonte Nuclear Plant (BLN) site for any of the purposes of the Tennessee Valley Authority Act of 1933, as amended; and

WHEREAS the BLN site consists of approximately 1,600 acres on a peninsula on Guntersville Reservoir near Hollywood, Alabama; and

WHEREAS TVA completed acquisition of the BLN site in 1974; and

WHEREAS two partially constructed Babcock & Wilcox pressurized light water reactors and associated facilities have been constructed on the site including two cooling towers, office buildings, warehouses, a training center, a simulator building, parking lots, railroad spurs, a helicopter landing pad, and 161-kV and 500-kV switchyards; and

WHEREAS TVA halted construction of the two nuclear units in 1988, and considered converting plant infrastructure to a natural gas combined cycle plant in 1997 and restarting construction of one of the nuclear units in 2010; and

WHEREAS TVA determined in its 2015 Integrated Resource Plan that it likely would not need large baseload resources like the BLN units for the next 20 years; and

WHEREAS the planned annual budget for maintaining the BLN site is \$6.5 million; and

WHEREAS a center for training transmission and distribution line personnel is located near the outskirts of the plant site on approximately 18.3 acres and is actively used by TVA and Local Power Companies; and

WHEREAS TVA has been approached in the past and recently about leasing or selling the site to another entity that proposes to complete the nuclear units; and

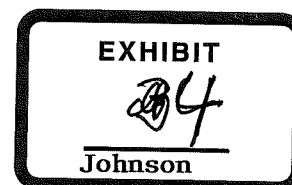
WHEREAS TVA obtained comments from the public, including public officials and customers, about potentially selling the BLN site; and

WHEREAS a majority of those commenting, including all of the public officials at the federal, state and local levels who commented, supported selling the BLN site; and

WHEREAS there is no permanent dam, hydroelectric power plant, or munitions plant located on the site; and

WHEREAS it has been determined that sale of the BLN site at public auction is not adverse to the interests of the United States or TVA; and

WHEREAS the Executive Vice President and Chief Financial Officer (CFO) recommends that the Board of Directors approve recognition of a regulatory asset for (1) all costs attributable to (a) the expected disposition of BLN assets, including preparing or



preserving the site, and (b) associated liabilities directly related to those assets, (2) any related future operating and project costs until the assets are sold, (3) the amount by which the book value of BLN exceeds its fair market value less cost to sell, and (4) any subsequent gains and losses resulting from the disposition of BLN, as all such amounts are probable of collection in rates over future periods; and

WHEREAS the CFO also recommends that the Board of Directors combine the newly created regulatory asset referenced above with the existing regulatory asset related to BLN (Deferred Nuclear Generating Units) and adjust the period over which these regulatory assets are recovered by collectively recovering the cost of these assets in rates at an amount of \$236.3 million per year until fully recovered;

BE IT RESOLVED, That the Board of Directors hereby finds and declares that the BLN plant site, except for the area upon which the training center is located if it cannot be relocated, is not necessary to carry out any plans and projects actually decided upon and is otherwise surplus to TVA's needs, and hereby authorizes and directs the Senior Manager of Realty Services, GIS, and Land Records, upon a determination by the Chief Executive Officer that market conditions warrant selling the fee simple interest in all or a portion of the plant site at public auction pursuant to Section 31 of the TVA Act of 1933, as amended, to execute and deliver to the successful bidder, upon payment of the auction bid price and associated administrative costs, a special warranty deed in such form as the General Counsel shall approve, subject to such terms and conditions as may be necessary to cover and protect TVA's statutory obligations, program requirements, and other interests;

RESOLVED further, That the Board of Directors directs TVA to update and supplement the environmental reviews that have been conducted for use of the BLN site, as appropriate, in light of the successful bidder's planned use of the site, authorizes the Chief Executive Officer to terminate the property transfer process before closing if any such reviews do not satisfactorily address potential environmental impacts, and requires TVA to include the costs of any additional reviews in the administrative costs to be paid by the successful bidder;

RESOLVED further, That the Board of Directors hereby approves the recognition of a new regulatory asset as described above;

RESOLVED further, That the Board of Directors hereby combines this new regulatory asset with the existing regulatory asset related to BLN and approves recovery of the costs of these assets collectively at a rate of \$236.3 million per year until fully recovered.

cc: Thomas
Pardee
Johnson
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